



STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
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CANNON BUILDING
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7500
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**RE: IN THE MATTER OF THE APPLICATION OF
DELMARVA POWER & LIGHT COMPANY
FOR A CHANGE IN NATURAL GAS BASE RATES
(FILED JULY 2, 2010)
PSC DOCKET NO. 10-237**

**IN THE MATTER OF THE APPLICATION OF
DELMARVA POWER & LIGHT COMPANY
FOR APPROVAL OF A MODIFIED FIXED
VARIABLE RATE DESIGN FOR NATURAL
GAS CUSTOMERS (FILED JUNE 25, 2009)
PSC DOCKET NO. 09-277T**

NOTICE OF PUBLIC EVIDENTIARY HEARINGS

TO: ALL GAS CUSTOMERS OF DELMARVA POWER & LIGHT COMPANY

A Hearing Examiner of the Delaware Public Service Commission ("Commission") will conduct public evidentiary hearings concerning the above-captioned consolidated case (as further explained below) at the following times and locations:

<u>DATE</u>	<u>TIME</u>	<u>LOCATION</u>
Tuesday, February 15, 2011 and Wednesday, February 16, 2011	9:00 a.m. 9:00 a.m.	Carvel State Office Building Third Floor Conference Room 820 North French Street,

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Wilmington, Delaware 19801

The evidentiary hearings will continue from day-to-day after February 15, 2011 without further notice, and as necessary, until they are completed. ***Anyone planning to attend the evidentiary hearings should first consult the Commission's website or call the Commission on the day of the respective hearing for information concerning cancellation of or changes to the time, place or date of the event.***

PURPOSE OF EVIDENTIARY HEARINGS

Evidentiary Hearings are conducted to formally introduce evidence, including proposed settlements, into the record and to make available for cross-examination the parties' witnesses, including testimony that may be offered with respect to any agreement that may be reached prior to the hearings. Only those persons or entities that have been granted intervention in this matter will be permitted to present witnesses, conduct cross-examination or introduce evidence in this proceeding. Members of the public are welcome to attend the evidentiary hearings as observers.

The Commission will make its decision concerning this matter on the basis of the evidence of record taken at the public evidentiary hearings and will consider the public comments

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received at the public comment sessions and submitted to the Commission in writing.

BACKGROUND

On July 2, 2010, Delmarva Power & Light Company ("Delmarva" or "the Company") filed with the Commission an Application, captioned as PSC Docket No. 10-237, seeking approval of: (a) an increase in its natural gas base rates; (b) a proposed revenue decoupling rate design, and (c) miscellaneous tariff changes. In its Application, Delmarva represents that it is seeking an increase in annual operating revenues of \$11, 915,381, or 6.3% over total revenues.

On July 22, 2010, the Commission entered an Order (PSC Order No. 7808) suspending the proposed rates, except for temporary authorized interim rates, and revised tariff sheets filed by the Company pending a final order in this proceeding. Further, the Commission granted Delmarva's request to implement interim rates intended to produce an annual increase of \$2.5 million in intrastate operating revenues effective on August 31, 2010, subject to proration and refund.

Prior to its gas base rate case filing, PSC Docket No. 10-237, on June 25, 2009, Delmarva filed an application for approval of a modified fixed variable ("MFV") rate design for gas

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customers, which was denominated by the Commission as PSC Docket No. 09-277T. This filing was "intended to better levelize and stabilize recovery of delivery-related costs from all customer classes over the course of each year," to "eliminate the relationship between delivery revenue and the level of customer gas consumption," and to remove disincentives to promote conservation programs to better align the interests of customers, utilities, the environment and the State in the area of energy conservation (MFV Application at ¶2). Delmarva contends that establishing a MFV rate design, which is a form of decoupling, for its natural gas distribution business is consistent with the goals of energy-related federal stimulus funding and demonstrates that the State of Delaware, the Commission, and the Company remain dedicated to achieving energy conservation.

On October 20, 2010, the parties to the MFV Application, PSC Docket No. 09-277T, filed a proposed settlement, which if approved by the Commission, would, among other things, authorize Delmarva to implement a decoupled rate design for its natural gas customers. The text of the proposed settlement can be found on the Commission's website at <http://dep.sc.delaware.gov/naturalgas.shtml>.

By PSC Order No. 7882, on December 21, 2010, the Commission consolidated PSC Docket No. 10-237 (the gas base rate case) and

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PSC Docket No. 09-277T (the application for a decoupled rate design for gas customers).

PUBLIC COMMENT SESSIONS

Public comment sessions are held for the purpose of receiving statements from the public concerning the proposed rate increase and other matters that are the subject of the Commission's investigation. A public comment session for the gas base rate case (PSC Docket No. 10-237), was conducted on Wednesday, September 22, 2010 at the Carvel State Office Building in Wilmington, Delaware. A public comment session for the MFV Application (PSC Docket No. 09-277T) was held on December 14, 2009, also in the Carvel State Office Building. Although no further public comment sessions are scheduled in these matters, **members of the public may still submit written comments with the Commission up to and including February 14, 2011. Written comments should be directed to Courtney Stewart, Staff Analyst, Delaware Public Service Commission, 861 Silver Lake Boulevard, Cannon Building, Suite 100, Dover, DE 19904. Comments may be sent electronically to Courtney Stewart at the Commission at courtney.stewart@state.de.us.**

REVIEW OF DOCUMENTS

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You may review the documents related to this matter during normal business hours in the Commission's Dover office at the address listed above or on the Commission's website at <http://depsec.delaware.gov/naturalgas.shtml>. You may also review copies of the documents at the office of the Division of the Public Advocate located at the Carvel State Office Building, 4th Floor, 820 North French Street, Wilmington, Delaware 19801. Please call (302) 577-5077 to arrange for a time to review the documents at that location.

You may contact the Commission in person, by writing, by telephone (including text telephone), by Internet e-mail, or other means. If you have questions about this matter, you can call the Commission at 1-800-282-8574 (toll-free in Delaware) or you may call (302) 736-7500 (voice). You may also send questions or request information by Internet e-mail addressed to courtney.stewart@state.de.us. If you have a disability and wish to participate in, or to review the materials in these proceedings, please contact the Commission to discuss any auxiliary aids or services which you might need to help you.